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# Republican Policy Committee

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## **Dodd Child Care Amendment: Just More Big Government Intrusion**

**The Dodd Amendment** to S. 1120 earmarks \$1 billion of the cash assistance block grant for child care and provides an additional \$5 billion to states that must be used for child care. Furthermore, it mandates that the child care provisions apply to children under 13, including prohibiting states from applying sanctions to those who do not fulfill the work requirements.

- Constrains state flexibility by eliminating \$1 billion from the cash assistance block grant and earmarking it for child care in a totally new, additional program run by The Department of Health and Human Services (HHS). Once again, the liberals assume that the states will not be able to decrease welfare caseloads by intervening before people go on the rolls as well as helping them to get off the rolls and that states will not be able to cut costs through innovative means of providing child care. Once again, the liberals have attempted to add a new program and more bureaucracy.
- Authorizes \$6 billion (including the aforementioned \$1 billion) in federal funds for the child care grant over the next five years even though a need for these funds has not been demonstrated. It is typical of liberals to throw money at a problem which does not even exist. In contrast, the Child Care Development Block Grant (CCDBG) provision of the leadership bill calls for "such sums as are necessary" in FY 1997-FY 2000; if there is a need for increased funding then funds can be appropriated through this provision.
- Provides funding so that every welfare parent with children 12 and under may have fully government-funded fulltime child care, and enforces that entitlement by eliminating the states' ability to sanction parents who choose not to work and have an elementary school age child. This provision would affect 83 percent of the welfare caseload (1993). In contrast to the leadership bill, the Dodd Amendment gives a free ride to recipients regardless of whether or not they work.
- Entitles two-parent families. This is unfair. Many mothers who are not on welfare stay at home to care for their children and do not have the luxury of government funded child care. Furthermore, the federal government does not pay for their child care if mothers have to find a job to help support their families.
- Contains a Sense of the Senate that offsets would be provided by an elimination of

corporate welfare; the body of the amendment authorizes \$6 billion regardless of the outcome of the Sense of the Senate.

## Talking Points

- Liberals refuse to recognize that the main cash assistance block grant and the CCDBG block grant will not constitute the only funding sources available for children on welfare. Other federal funding sources for child care include Head Start, Title XX and Chapter One.
- Liberals attack the Work Opportunity Act of 1995 while continuing to ignore the fact that most of the JOBS participants did not report receiving child care funded by AFDC Child Care. According to CRS, only 38 percent of all AFDC/JOBS children age five and under reported receiving IV-A paid child care in FY 1993.
- Liberals complain that the measures to sanction mothers who refuse to work are punitive, because they may not be able to work due to a lack of available child care. However this concern has been answered by the Dole modification offered on September 8 because mothers will not be sanctioned if the states determine that the mothers can obtain appropriate child care.
- Liberals claim that the CBO figures prove that S. 1120 will impose an unfunded mandate on the states concerning child care costs. (The CBO estimate shows additional costs of \$280 million in FY 1998, \$830 million in FY 1999, and \$2.21 billion in FY 2000). However, the CBO estimates are based on the 1994 caseload level for all five years. The FY 1994 caseload was at a historically high level due to the massive expansion of the roles following the Family Support Act of 1988. The caseload dropped by 520,000 recipients from May 1994-May 1995. While a causal relationship has not been established, it is interesting to note that since a waiver was granted to Michigan, the caseload in that state dropped about 30 percent.

**The leadership bill** – in stark contrast to the Dodd Amendment-provides the mechanisms to give the states the flexibility that is needed in order to lower costs and improve the quality of child care.

- The Dole modification regarding child care (offered on September 8, 1995) prohibits states from sanctioning a single custodial parent if appropriate child care for children age five and under is not available within a reasonable distance of the home or work site; or informal child care by a relative or under other arrangements is unavailable or unsuitable; or appropriate and affordable formal child care arrangements are not available.
- The leadership bill continues to provide two streams of funding for child care:
  - The current AFDC-related child care provisions (IV-A Child Care; Transitional Child Care; and At-Risk Child Care) are included as part of the cash assistance block grant. Funding: \$16.8 billion for each year FY 1996-FY 2000.

- The current Child Care and Development Block Grant (CCDBG) and State Dependent Care Planning and Development Grants and Child Development Associate Credential Scholarships, are folded into a separate child care development block grant. Funding: The authorization for FY 1996 is \$1 billion and such sums as necessary through the year 2000.
- States can meet work participation rates without incurring major additional child care costs by moving recipients with older children off the rolls and into work. This is not a departure from the current pattern concerning JOBS participants. According to the GAO, JOBS participants tend to be older and have older children than nonparticipants.
  - In FY 1996 states must have 25 percent of nonexempt recipient families participating in work, with requirements rising to 50 percent in FY 2000 and thereafter.
  - The most recent data available from the Department of Health and Human Services (1993) indicates that for 39 percent of AFDC families the youngest child was six years old and over.
- The welfare bill enables states to transfer up to 30 percent of the available funds between CCDBG and the main cash assistance block grant.
  - This transfer of funds permits states to make the proper provisions for both low-income and welfare children, so that funding is available as parents shift from welfare to work.
  - The ability to transfer funds between block grants gives states the maximum flexibility to target resources where they are needed
- The states can determine the proportion of funds to be allocated for child care, and the method of delivery (cash, vouchers, reserved spaces in designated facilities, etc...) in the main cash assistance block grant.
- The provisions aimed at improving the quality of care for children enabling relatives and religious providers to care for children without onerous regulatory burdens may also lower the cost of child care.
  - The leadership bill strengthens current law regarding parental choice by eliminating the registration requirements for relatives who serve as child care providers as a condition of receiving a subsidy from the CCDBG and includes provisions requiring that referrals honor parental choice of child care provider.
  - The leadership bill permits the states to provide vouchers to recipients and/or contract for child care by charitable, religious, or private organizations through a voucher system.

- The leadership bill allows states to count welfare mothers as fulfilling work requirements by providing child care services for other welfare mothers.

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